

Message Text

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PAGE 01 JIDDA 00340 161044Z
ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 EB-08 OES-07 ACDA-12 DOE-11
SOE-02 NRC-05 /068 W
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R 160935Z JAN 78
FM AMEMBASSY JIDDA
TO SECSTATE WASHDC 733
INFO AMEMBASSY BONN
AMCONSUL DHAHRAN
AMEMBASSY PARIS
USLO RIYADH
USDOC WASHDC

LIMITED OFFICIAL USE JIDDA 0340

E.O. 11652: N/A
TAGS: BEXP, SA
SUBJECT: PRODUCT OPPORTUNITY: RESEARCH REACTOR

REF: A. 77JIDDA 7594 B. 77 STATE 276949

1. MARNING 15 JANUARY EMBASSY OFFICER RAISED SUBJECT OF
SAG PLANS FOR RESEARCH REACTOR IN DHAHRAN WITH OFFICIAL
IN SAUDI ARABIAN ATOMIC ENERGY DEPARTMENT (AED). OFFICIAL
STATED THAT CONTRARY TO INFORMATION CONTAINED REFEEL B,
SAG IS NOT REPEAT NOT DISPLEASED WITH FREICH DESIGN STUDY.
HE ADDED THAT SAG OFFICIALS HAVE AS MENTIONED REFTEL B
SPOKEN WITH INTERATOM REPS IN GERMANY CONCERNING POSSIBLE
TURNKEY PROJECTS INVOLVING RESEARCH REACTOR FOR SAUDI
ARABIA. HE STATED THAT INTERATOM HAD FULLY BRIEFED GENERAL
ATOMIC (GA) AND IT WAS HIS UNDERSTANDING, FROM GERMANS,
THAT THEY EXPECTED GA TO SUPPLY REACTOR FOR PROPOSED
GERMAN TURNKEY PROJECT; THIAI IS, SHOULD SAUDIS SELECT
GERMANS VICE FRENCH TO UNDERTAKE CONSTRUCTION OF
RESEARCH REACTOR.

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2. ACCORDING TO AED OFFICIAL, CONTACT WITH INTERATOM
FLOWS MORE FROM SAG DESIRE TO GET SECOND COMPETITIVE
BIDDER INVOLVED IN RESEARCH PROJECT, RATHR THAN FROM
ANY DISPLEASURE WITH FRENCH DESIGN PROPOSALS. HE
NOTED THAT FINAL DECISION RE AWARDDING OF SAUDI CONTRACT
FOR RESEARCH REACTOR WILL MOST PROBABLY BE RESOLVED

AT HIGHEST LEVELS OF SAUDI ARABIAN GOVERNMENT. THUS, WINNER OF CONTRACT WILL BE SELECTED FOR POLITICAL ADVANTAGE TO KINGDOM RATHER THAN COMMERCIAL OR TECHNICAL REASONS. AED OFFICIAL CONCLUDED BY NOTING HE WAS SURPRISED BY GA ATTEMPTING WHAT HE CHARACTERIZED AS END RUN AROUND INTERATOM. HE OBSERVED THAT INTERATOM HAS BEEN COLLABORATING VERY CLOSELY WITH GA FROM BEGINNING. HE SAID GHAZI SULTAN OF THE PETROLEUM MINISTRY WOULD BE MOST DISPLEASED WHEN HE TO LEARN THAT GA HAD ATTEMPTED FINESSE INTERATOM OUT OF RACE FOR RESEARCH PROJECT BY APPROACHING SAG DIRECTLY RATHER THAN REMAINING IN A LESS LUCRATIVE ROLE AS A SUBCONTRACTOR ON PROJECT TO INTERATOM.

3. AT REQUEST EMBASSY OFFICER, AED OFFICIAL AGREED NOT RAISE SUBJECT OF THIS CONVERSATION WITH GHAZI SULTAN OR OTHER MINISTRY OF PETROLEUM OFFICIALS SINCE TO DO SO WOULD UNNECESSARILY HAVE ADVERSE IMPACT ON SAG OPINION OF GA.
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Message Attributes

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TAGS: BEXP, SA
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